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**"THE WHITLEY SCHEME":**

**A STEP TOWARD DEMOCRATISING INDUSTRIAL  
NATIONS.**

**BY C. V. CORLESS.**

Annual Meeting, Montreal, 1918.

Discussions already presented to the Institute on the problem of the relations of Capital and Labour have led to the conclusion that any final eradication of the existing antagonism must be based on an efficient socialising education of both parties to the dispute. To ensure that this is universal, such training must be given during school life. But an analysis of the present educational situation indicated that a radical reform in matter and methods of existing educational programs is necessary, as a preparation for democratic social relationships, whether in industry or for what is more generally understood by the expression, 'good citizenship.'

In the progress of this discussion, the view has been variously expressed that this industrial conflict is a continuation, possibly the final phase, of the struggle, many centuries old, for democratic freedom and that the solution of the difficulty will most readily be found by accepting this conception as a guiding principle and gradually conforming our views, our habits of thought, our mental attitudes to it. In politics, democratic peoples have attained to practical equality; in economics, they have not advanced beyond subordination. This 'half slave, half free' condition of society cannot be permanent.

It will, of course, be at once clear to all who give earnest thought to the matter, that any real improvement in this situation implies not so much a change of external formality in relationships between the parties to the industrial strife, as a change of heart. No mere change in tactics will answer. Real -

co-operation, unity of aim and purpose, feeling of partnership in industry, can arise only from a clear-headed understanding of the deep, underlying, economic realities of the situation and a sympathetic determination to act on the square. When this economic understanding and this ethical determination are reasonably developed on each side, there will be no insuperable difficulty arising from creating machinery, organisation, means, for getting together. But, if these mental conditions do not pre-exist, the most perfect machinery that can be devised for the purpose will be of no avail. There will be no intelligence to guide it and no motive power to actuate it. Hence, those who have this problem at heart and have any real understanding of the essence of it, will make use of every available educational influence to this end. Clear understanding, essential cordiality, and downright good-will may succeed even with imperfect machinery. But without these, the whole arrangement becomes a sham, a makeshift, a temporary bulwark that only increases the disaster when it finally gives way.

Nevertheless, proper organisation for getting together is not to be despised. Suitable and efficient arrangements for this purpose will go far towards maintaining a proper and sympathetic atmosphere and will assist in keeping up and in increasing good-will. They will also furnish the best opportunity for continuing that democratic education whose groundwork we are pre-supposing as prepared during school life. Bungling organisation, like badly designed machinery, causes much loss in friction and may lead to an early breakdown.

In this creation of democratic organisation for unifying the aims of Capital and Labour, Great Britain is once more the pioneer. We instinctively turn to her for industrial experience, as a child turns to a wise parent. Her experience in industry is many centuries older than ours. Her labour is much more highly unionized. Her Trade Unions have passed through two centuries of struggle. Her differences between Labour and Capital are more clearly defined. Her class distinctions, for other (historical) reasons, are more marked—a fact that has added to the bitterness between Capital and Labour. These

conditions (together with others briefly outlined in a recent discussion in the BULLETIN) had brought the industrial dispute in Great Britain to such a stage that, by 1914, many felt that such general strikes were imminent, as would amount almost to, if they did not end in, a revolution. The war suddenly diverted attention from the quarrel. Though some domestic bickering has continued, all parties loyally joined hands in the superhuman effort against the common enemy. The war has, at least for the present, removed from Capital all self-complacency, which was a large factor in the domestic strife. The nation is already face to face with an inconceivable debt which is mounting at an appalling rate. The food supply is threatened. The nation is about to put forth its extreme exertion. There is no room now for old quarrels. Dust and cobwebs have been cleared away. England is never at her best until her back is to the wall. It required three years of war to brush away the last cobweb of self-complacency. She is now not only thoroughly aroused to fighting mood, but has had her creative energy quickened by the crisis. In the awful throes and agony of the past year of war, Britain brought forth an industrial idea which, if broadly and wisely backed up in future by educational preparation, seems calculated to effect such a revolution in industrial relationships as will remove the malign social results of the pernicious economic policy followed since the industrial revolution of a century ago. In the blackest year of the war, just past, the British Government appointed a Commission whose principal work was to inquire into the causes of industrial unrest and to make suggestions for removing the causes of discontent. The work was quickly and thoroughly done. The whole country was divided into eight industrial areas to each of which was detailed a small Commission of three, consisting of one representative of employers, one of labour, and an impartial chairman. Their reports will prove of great economic value. While these industrial commissions were at work, a short preliminary report was sent to each by a sub-committee of the recently created Reconstruction Department, which at that time had merely the status of a committee appointed to consider the whole prob-

lem of industrial relations from the standpoint of post-war reconstruction.

The chairman of this sub-committee was Mr. Whitley, whose name, for brevity, has been attached to the committee, to the report and to the general scheme embodied in the report. The broad recommendation of the Whitley Committee was the establishment in every organised trade of an Industrial Council, representing both employers and workpeople and having as its object "the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all engaged in it, so far as is consistent with the general interest of the community." This recommendation, modestly called an "Interim Report on Joint Standing Industrial Councils," was, in June of last year, sent to each of the eight small Industrial Commissions, who quickly secured for it a consideration by more than one hundred Employers' Associations and Trade Unions all over the country. The greatest interest in the proposal was manifested both by the industrial bodies concerned and by the press. There appeared to be at once a general feeling of relief that a possible solution had been found for what had come to be regarded as practically a deadlock. Nothing could indicate better than this feeling of relief the essential soundness at heart of both employers and employed. By October the replies had been received and correlated. The answers of nearly all of the Trade Unions and of most of the Employers' Associations were "overwhelmingly in favour of the adoption" of the general principle of the Whitley Report. Backed thus, the Minister of Labour on October 20th informed the Employers' Associations and the Trade Unions of the decision of the Government to adopt the Whitley Report. The document announcing this decision by the Government made it clear:

- (1) that Joint Standing Industrial Councils should be established in all the well-organised industries with as little delay as possible.
- (2) that these Councils would be considered by the Government as "official standing Consultative Committees on all future questions affecting the industries which they repre-



sent" and would be the "normal channel through which the opinion and experience of an industry will be sought on all questions with which the industry is concerned," and (3) that the Councils are to be "independent bodies electing their own officers and free to determine their own functions and procedure with reference to the peculiar needs of each trade." These autonomous councils will thus "make possible a larger degree of self-government in industry than exists to-day."

These Joint Standing Industrial Councils, of national scope for each well-organised trade, will be supplemented by District Councils and these again by Shop Committees, on both of which masters and men will find equal representation.

The scheme has met with the approval of the Council of the Federation of British Industries, the most representative organisation of employers in Great Britain, and of the Trades Union Congress, and to all appearances is in a fair way to success.

Mr. Wilson Harris is responsible for the statement that the idea of Joint Councils of masters and men originated with Mr. Malcolm Sparkes of London, an employer in the building and allied trades. He had "laid before the men's unions in these trades a memorandum on industrial co-operation. The Painters and Decorators took the memorandum and applied it." Their experience with the Industrial Councils already extends over about a year and has proven their practicability. The original purpose of these Joint Councils was, to use their official statement, "to promote the continuous progressive improvement of the industry, to realise its organic unity as a great national service, and to advance the well-being and status of all connected with it." This, as a spontaneous expression of idealism by a workmen's organisation, is of deep significance. The District Councils in this trade have met regularly now for about a year under the masters' chairman and the men's chairman alternately and have successfully carried out some important constructive work at various centres in the country besides averting some disputes. The Whitley Committee is said to have received the original suggestion from this memor-

andum by Mr. Sparkes and elaborated it. It may later prove to be true, as in many other great movements, that when the time is ripe the same idea springs up in many minds at about the same time. Perhaps I may be allowed to remark in passing that the psychology of the social mind must never be lost sight of, if the study of the psychology of the individual mind is to be most fruitful. As well try to understand the anatomy and physiology of the hand without reference to the alimentary, circulatory and nervous systems, as hope to succeed in a study of psychology of the individual mind without reference to the social mind with, and in, which it functions.

On considering the question of representation a little more closely, it seems probable that the labour representatives on the District and National Councils under the Whitley Scheme will all be trade union leaders while the representatives of the Employers will all be professional managers. The workman at the bench or lathe or loom or in the mine or elsewhere is generally not in close sympathy or close touch with either. If he is to feel a real co-operation between those who direct and those who perform the work, it will be through the Shop Committees. Success of the scheme will largely depend on perfectly frank, human intercourse between the representatives of both Councils and Committees, but above all, of the Shop Committees. If, as is hoped, "such an atmosphere will be created that trade disputes will never be carried to the breaking point," there will have to be, of necessity, the greatest sympathy, frankness and cordiality between the representatives of the workmen and of the management on these Shop Committees.

Some difficulties will come to mind at once. In the first place, the scheme does not appear to provide for those industries in which either employers or workmen are unorganised. These can be encouraged, but cannot be forced, to organise. Again, in partly organised trades, the non-federated employer who insists on playing a lone hand, or the non-unionist workman, may refuse to be bound by the decisions of the Committees or the Councils. Probably steady pressure by those who are organised, added to continued success of the scheme, will force or tempt these to join. A further difficulty that

suggests itself arises from the fact that the general public is not represented on the Councils. If the employers and workmen of any given trade work in perfect harmony, what is to prevent them from combining to increase the price of their product so as to raise both dividends and wages beyond a point that will be just to the general public? Possibly that might be corrected by combining this scheme in some way with the principle of the co-operative societies that have become so widespread and so highly developed in England. But experience will no doubt find a solution for these and other comparatively minor difficulties, if only the scheme for breaking the great deadlock justifies the high hopes that have led to its adoption. The great change that has come over men's minds with reference to organised industry is well shown by the following quotation from the Report of the Commissioners of the West Midlands Area. They say: "The best security for industrial peace is organisation of both employers and employed. If the men are badly organised, the result is unauthorised local strikes; if the employers are not strongly federated, you have a minority which causes trouble. . . . We therefore recommend that employers' federations representing a substantial part of an industry should have disciplinary powers over recalcitrant members." Similar sentiments are expressed by several of the other Commissions. These statements are almost incredible in view of the general attitude of employers towards organised labour a few years ago. Truly the war has opened the eyes of the management class.

Political democracy was greatly advanced in Great Britain last year by the enfranchisement of 8,000,000 new voters. Industrial Democracy has now started on its course with the historical document promulgated by the Minister of Labour, which may be considered as its constitution. It undoubtedly has many rocks and shoals to discover, but that the right general course has been chosen there can scarcely be a doubt. This is by far the most interesting and far-reaching experiment in the improvement of industrial relations ever attempted in any country. When the history of Great Britain during the 20th Century comes to be written, the year 1917 will stand out as the



date on which the Magna Charta of Industrial Democracy was won—a date that may stand beside 1215 in importance. But one does not need to have a profound knowledge of history to recall that the Great Charter of Political Liberty, won seven centuries ago, was merely a starting point, a broad statement forecasting a freedom, much of which had to be struggled for in future and won bit by bit during a long period of time. “The Bill of Rights,” “The Habeas Corpus Act,” “The Act of Settlement,” the great “Reform Bills,” are a few outstanding milestones, marking successes in this long struggle. When the barons brought King John to his knees, long centuries had yet to elapse, a civil war had to be fought, a king executed, and many other struggles carried out, before the full rights of parliament were finally assured.

Such facts as these should warn us against mistaking the forms of liberty for the reality. They should warn us, too, that the growth of real freedom is slow. The creation of Parliament, the symbol of liberty, by no means meant that Parliamentary liberty had been finally won. So now. These Joint Industrial Councils and Committees, these new symbols of industrial freedom, are merely organisations created for the purpose of winning and defining democratic freedom in industry. The long training in the orderly method of securing political liberty through parliament will, no doubt, prove of great value here. But while the new Joint Industrial Councils and Committees express clearly a general recognition that workmen have rights not yet obtained, including a right to share in the responsibility of defining them, the actual formulation and winning of these rights are in the future.

It is, however, a great advance step that industrial civil war should end in the creation of the means for the orderly consideration, working out and definition of those rights, by the deliberate use of discussion on equal terms in the open, in place of under a constant threat of the exercise of might. Democracy has herein scored another great win. It is a long step forward in civilisation when it is recognised for any new field that social progress (in this instance, in the industrial field) should be by a steady and orderly adaptation of social

institutions and laws to changing conditions, under the action of free discussion and the pressure of public opinion thus created; and when it is further recognised that the primary condition of progress under such free discussion is such a flexibility and sensibility, combined with such an efficiency, of organisation in our representative institutions, as will make the conclusions reached by these bodies a true generalised expression of the best opinion they are intended to reflect. How to combine this sensibility to the best real opinion with a stability that will ensure a steady ship making progress on a true course, a ship that does not rock with every temporary wave of opinion nor drift with every current and breeze of social theory that impinges on it, is a problem whose solution has been fairly successfully worked out by long experience in political democracy. Much careful thought and probably some disappointing experiments will be required before an equally successful combination of checks and balances is secured in Industrial Democracy.

But Industrial Democratic methods must surpass political methods in efficiency, which has always been their great weakness. Let us admit, once for all, that cumbersome machinery causing inefficiency cannot, and will not, be tolerated by either masters or men in democratic industry. If democracy in industry has to be won at the cost of efficiency in the highest sense, then it will prove not an assistance, but a hindrance, to social progress. For it must be recognised as an economic axiom that the greatest social advance can be obtained only on the basis of the most efficient production of those goods and services necessary for the satisfaction of human wants. Only a high degree of efficiency in economic service of all kinds, rendered by all in proportion to the ability of each, together with a fair and just distribution of the wealth thus produced, can secure a high standard of life for every one, act as incentive to every one to bring to bear his best efforts and ensure at the same time that leisure for social welfare and self-improvement on which the progress of human society depends.

But I have no hesitation in expressing the opinion that the full application of the principle of democracy to industry will

prove to be the most successful experiment in increasing efficiency in the truest sense yet tried. For I have more than a suspicion that efficiency experts, so self-styled, have had their attention so engrossed by the study of microscopic details that they have missed altogether their main principle, the very foundation on which any true theory of efficiency must be built. They have become so enamoured of the stopwatch and statistical method that they have ceased to look around them at the broad facts of human nature lying patent to all. Expert observation is always dangerous because it implies limited observation. The greatest resource in industry, till now remaining almost untapped, is the human will, the fountain-spring of all conscious human activity; and the greatest present industrial inefficiency and loss results from conflict of wills. If the full response of the human will can be secured for any enterprise or any purpose whatever, the entire ability of the individual is available. Without this, there may be reluctant, inefficient activity, drudgery; with this, there is the joy of creative work, a calling into play of the entire physical and mental resources of the individual, to an even greater extent than he himself is aware of. The former wearies, while accomplishing little; the latter rejuvenates, while producing much. Students of conservation and students of efficiency, which should be merely a department of conservation, have not given this fundamental principle the attention it deserves. In England, unskilled women, having the will to do their best for war purposes, have doubled, trebled and frequently quadrupled the output of skilled men working under conditions of pre-war reluctance. Have you never seen equal results under a favourable contract system? If we could, by a single stroke, tap this resource to the full the day the war ceases, the incalculable war debts of all the belligerent nations would quickly melt away, there would be produced an abundance of all necessary goods and services for everyone and there would be abundant leisure for enjoyment and improvement. It is this paralleling of human wills that is the core of the problem of the 'Democratisation of Industry.'

This expression, 'The Democratisation of Industry,' does not, as some may fear, imply a condition of semi-anarchy, weak

organisation and uncertain discipline. It is a form of organisation suited for, and possible of effective use by, only the highest type of civilisation, it is impossible for a poorly developed type—a fact remarkably illustrated at this moment by conditions in Russia. Democratic civilisation is a living, growing type; one whose fundamental principle implies the assimilation, into the organised mind, of the best opinion of its members; a type that has the organisation and adaptability to external conditions produced by vitality; a type whose aim is perfect development, not mere bigness and power; a type whose growth is from below upwards, whose guiding principle is, "of the people, by the people, for the people"; not a type proceeding "from the top downwards," hence artificial, rigid inflexible, incapable of true growth or development to meet the highest human needs; the antithesis of the type superimposed by might, whose ruthless principle is the "blood and iron" trampling under foot of the rights of all when in conflict with an autocratic will. The democratic principle applied to industry means vastly increased, not lessened efficiency. High industrial efficiency results from a number of conditions, among which are thorough organisation and cheerful discipline. Every intelligent workman knows this as well as you do. Intelligent workmen, unless disaffected, feel pride in efficiency and dislike anarchy. The prime cause of the widespread disaffection that has existed is exactly those autocratic conditions which the democratising of industrial relations will remove.

Industrial democracy merely demands that all the conditions of the co-operation of Labour and Capital in industry shall meet with the approval of both parties. Is there anything unreasonable in this demand? With the two parties, each vitally and equally interested, is it unfair? If the demands of Capital are just, surely it is only right and can do no injustice to anyone to discuss its claims in the open. If the fear of Capital is that Labour cannot understand the economic questions involved—a view that is probably true to a great extent at present—Capital has itself largely to blame, for it has had the greatest say in framing the educational policy of the times. The "Whit-

ley Scheme" will bring about a discussion on equal terms of all the conditions of co-operation of Capital and Labour. After many of the minor questions have been satisfactorily settled, inevitably, the question of the just distribution of the joint product of the wealth produced jointly by the co-operation, will come into the discussion. Ever since the first parliament met many centuries ago, this has been in the lap of the future. It is now within measurable distance. It may happen tomorrow. It is for Capital to decide quickly what it is going to do about the question. Neither you nor I created the issue. But we are wanting in intelligence if we do not recognise what is inevitably ahead. What a world pity, if it turns out that Labour has not the breadth of view, or has any lack in the sense of responsibility, necessary for dealing with this vital question! What a world pity, if, in the trying days ahead of us, Labour undertakes to deal with this question, without adequate knowledge of sound economics and social ethics, as a ballast; what a pity if, in place of such sound and sane insight into these vital matters, which ought to be as universal as general intelligence, Labour has been left to the mis-guidance of half-baked, utopian, social theories picked up from a cheap sensational press or from irresponsible, but interested, agitators! And in political government in Great Britain, too, with the very large labour vote, labour will be in position to enforce its demands. And let us not forget that Great Britain is blazing a trail which Canada must soon follow. It is up to us to prepare for like conditions in future by training all our on-coming citizens to exercise intelligently these increasing powers, with their implied responsibilities. This we can most quickly and most efficiently do by a sound social training in all our educational institutions, whose courses of study and methods should be adapted without delay to meet the rapidly increasing social (including economic) exigencies of the times. Though the task is herculean and the need urgent, there is apparently no widespread, clear discernment of its urgency. No reconstruction scheme of greater importance or of more far-reaching consequences could be undertaken at the present moment. Clear general enlightenment on economic and other social questions is



the only safe course, if our social evolution, under the influence of the profound social changes now in rapid progress in Great Britain, is to be orderly and progressive. Failure to acquaint ourselves with, and to adapt our institutions to meet, these conditions may spell disaster. Nor is it a question of whether we like it or not. Since I discussed this question with you a year ago, this mighty stride forward in Great Britain has been made. Even had we the desire to do so, we could no more stay this onward social movement, than could Canute the incoming tide. But we can prepare for it, and it is our highest duty to do so, with no unnecessary loss of time.

It is not natural to me to be sensational or to be an alarmist. I am merely following a sense of public duty in stating these matters as they appear to me. But that this account is not a mere exaggeration of the quiet revolution that has taken place in England within the past few months, may be gathered from the following quotation from a speech by Lord Salisbury before his fellow peers. Referring to the workmen, who had saved the country on the battlefields of Europe, and who have now at home, as he put it, "to work out their own salvation; they will," he said, "make many mistakes. Very likely they will adversely affect the property of many of your lordships. All these things are small matters. I earnestly hope that they will believe in us. I am quite sure that in the long run their good sense will prevail. But, whatever happens, we intend to trust them, my lords, and I believe that they will return the trust." What an eloquent surrender! The greatest victory of the British armies in Europe is the victory of Industrial Democracy, thus fully admitted.

Some of the ideals set before itself by Industrial Democracy may now briefly be summarised: If the capitalistic system is to remain, it must gradually be so reconstructed as to bring greater equality in status, in wealth, and in opportunity as between Capital and Labour. Further, it must never be forgotten that the State, the organised Public, is a partner in all business. The Government must gradually come to supervise all decisions affecting the standard of living of manual workers — who, in Great Britain, comprise 80% of the entire population.

The system of unlimited wage competition has been proven a **failure**. It has reduced great numbers below any possibility of maintaining a decent standard of life. The best solution for this difficulty may not have been found. But social enlightenment, a strong desire to find such a solution as will be both just and efficient in its results, and the opportunity for unreserved discussion under the new Joint Councils and Committees, will find the true principle. In the meantime there can be no serious mistake in adopting, as quickly as practicable, at least temporarily, the principle of the 'Living Wage.'

We have in this new organisation a frank recognition of the benefits derived from thorough and universal organisation of **labour** on democratic principles. We have similar recognition of the benefit to be derived by the co-operation of employers. The acceptance of public service as the chief incentive for seeking high industrial efficiency may be yet in the distant future. The need of this higher incentive to replace the old incentive of private gain may be obscured by the many relatively minor matters immediately pressing. But the evolution of a still wider Joint Council—a National Council to represent every industry—an Industrial Parliament of national scope—with the purpose of co-ordinating all industrial endeavour so as efficiently to meet social and national needs, would seem to be the next logical step forward. Can we estimate the advantage to the nation such a complete national organisation of industry would have proven to be, had it been in existence when the crisis came in 1914? This spirit of public service in place of the selfish desire for private gain as a guiding principle in business, as the true motive power of all industry, must be of **gradual growth**. Probably to a greater degree than one would suspect many already feel it as a ruling motive. It will require many a long year before the majority of men will act on the principle that their obligation to service is measured only by their ability—whether that ability consists in capital, intellect, or manual dexterity—to perform such service; before they will realise clearly that true ethics demands that every man be a servant precisely in those matters of which he has the most intimate knowledge and in which he has attained the great-

est proficiency. In a true democracy, we are all masters in respect to the interests of the community as a whole and servants in respect to our own special abilities. Our greatest mistake so far has been in considering industry as somehow outside of democracy. The great central aim of democracy is the highest welfare of the community as a whole. This can be attained only by opportunity for the greatest development of ability of the great mass of the population, not merely of a few. The resources of the nation must therefore be so organised as to meet in the best way the needs of all, not of a few or of any special classes. Nor can it be just that it should rest with a few to make, independently, great decisions as to policy in which the interests of all, or of many, are concerned. This principle must rule from top to bottom. How supremely important it becomes that for the exercise of the great responsibilities of citizenship in democracy—whether political or industrial—every individual should definitely be prepared! The Whitley Scheme is a remarkable step forward in democratising industry, but, if its benefits are to be realised in reasonable time, it must be backed up by such general economic and ethical enlightenment as shall make clear to the mass of the population, and not merely to a few, the high ideals that inspire it and the most practicable means for attainment of them. This is the minimum technical preparation necessary for efficiently operating the most delicate, but powerful, democratic machinery yet constructed. Those who are deeply interested in industrial relationships (and we all should be) and particularly those who hold constructive views in regard to social welfare, who believe rather in setting in motion well-considered influences calculated to benefit society, than in a policy of drift, or 'wait-and-see,' will, in their attempt to forecast our future social and industrial development and in their desire to set in motion such beneficial influences, find much to ponder over in the 'Whitley Scheme' and in its definite adoption by the British Ministry of Labour.